



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Royalty Management Program
P.O. Box 25165
Denver, Colorado 80225-0165

Antifer 6-7-97

IN REPLY REFER TO:

AD/PSO/TSO 98-014-2
Mail Stop 3062

Mr. Jack J. Grynberg
Grynberg Petroleum Company
5000 S. Quebec, Suite 500
Denver, Colorado 80237-2707

NOV - 7 1997

Dear Mr. Grynberg:

This is in response to your October 20, 1997, Freedom of Information Act (FOIA) request (copy as Enclosure 1). We no longer have a copy of the requested document. In your November 6, telephone conversation with Mitchell Parker, you stated that you wish to close this FOIA request and that you will direct your inquiry to the Bureau of Land Management, Little Snake Resource Area.

We are providing this information without charge, since the cost is less than our minimum billing amount. For future reference, please be aware that in accordance with 43 CFR § 2.20(a)(1) (1995), we assess user fees to fulfill a FOIA request. Personnel charges cover our costs to conduct document searches and to review, identify, and delete privileged and confidential information. Other charges cover the direct costs of providing the material. Standard charges are:

Professional support	\$18.60/hour	Computer/mag tapes	\$25.00/each
Clerical support	\$ 9.20/hour	CD-ROM	\$ 6.00/each
Photocopies	\$.13/page	8 mm. tapes	\$10.00/each
Microfiche	\$.08/page	Computer Diskettes	\$ 1.25/each
Computer (CPU) time	\$35.00/minute (\$25.00 minimum)		

Fees for overdue bills include a \$35 administrative charge plus interest at the prevailing Treasury rate.

If you have any questions, please contact Mitchell Parker at (303) 231-3615 or me at (303) 231-3013.

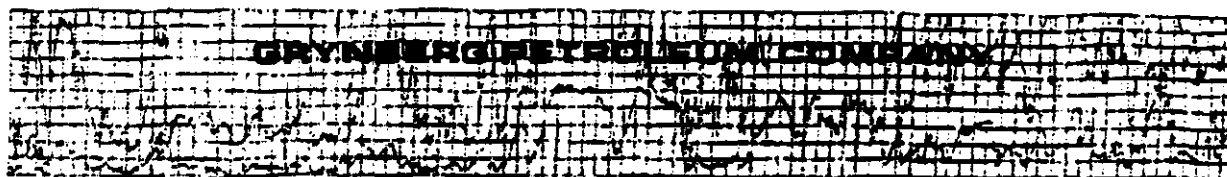
Sincerely,

Original Signed By
Gregory K. Kann

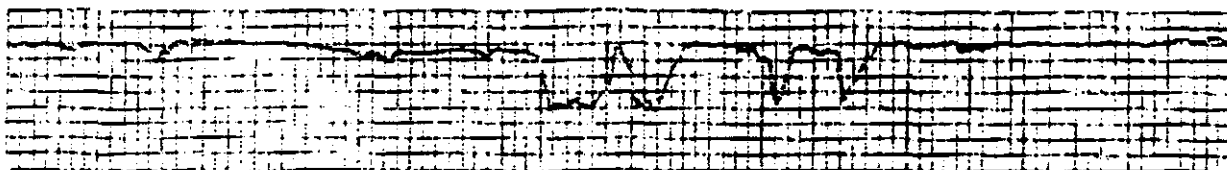
Gregory K. Kann
Freedom of
Information Act Officer

Enclosure

Ph. 56



5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237-2707, USA • PHONE 303-850-7490

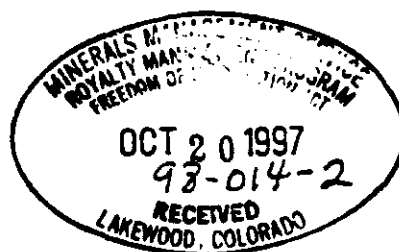


SPRINTMAIL X.400 (C:USA;A:TELEMAIL,O:MEP1,UN:GRYN.DENVER) FAX: 303-850-7490

Via Fax #231-3781

October 20, 1997

Mr. Greg Kann
Minerals Management Service
Denver, Colorado 80225



Dear Greg:

Pursuant to the Freedom of Information Act, would you please be kind enough to fax me a copy of the Conoco Liquid Carbonic Industries Corporation (predecessor of Praxair, inc.), carbon dioxide contract in Jackson County, Colorado, near Walden. Specifically, following are the descriptions of the four Units operated by Nielson & Associates:

<u>Unit Name</u>	<u>Location</u>	<u>Zone</u>
Morrison Unit	9N-79W	Morrison
Total Unit	9N-79W	Dakota-Lakota
McLum Unit Muddy	9N-79W	Muddy
McLum Unit Pierre	9N-79W	Pierre B

Ken Vogel is aware of this request.

Sincerely yours,-

GRYNBERG PETROLEUM COMPANY

Jack J. Grynberg
President

cc: Ken Vogel

JJG/lv



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 25165
DENVER, COLORADO 80225

IN REPLY
REFER TO:

Mail Stop 653

MMS-RVS-OG:84-906

APR 4 1985

ENCLOSURE CONTAINS COMPANY
PROPRIETARY INFORMATION
FOR RELEASE ONLY TO CONOCO

Conoco, Inc.
Attention: T. R. Painter
907 North Poplar
Casper, WY 82601

Gentlemen:

By letter dated October 22, 1984, you requested that MMS approve Conoco's "production reporting sequence" for carbon dioxide (CO₂) produced from the McCallum Unit in Jackson County, Colorado. Attached to your letter were copies of an Application for the Establishment of Royalty Values (Form 9-1926), a diagram of field facilities, and the sales agreement dated June 2, 1983.

The CO₂ is produced from the Dakota-Lakota zone through two facilities; one crediting production to the Dakota-Lakota, the other crediting production to the Morrison Participating Area "production bank." The "production bank" serves as a monitor on the CO₂ volume which originated from the Morrison Formation, and is now being recovered from the Dakota-Lakota zone.

The Bureau of Land Management (BLM) has jurisdiction over unit operations and production reporting for the McCallum Unit. You are advised to request approval of your "production reporting sequence" for the McCallum Unit from the appropriate BLM District Office in Craig, Colorado.

Although MMS no longer requires the submittal of Form 9-1926 for the establishment of royalty value, we interpret your October 22, 1984 submission as a request for advice on valuation for royalty purposes.

Under provisions of the sales agreement, dated June 2, 1983, CO₂ is liquefied at a plant on the McCallum Unit by Liquid Carbonic Corporation. Liquid Carbonic owns and operates the plant; however, Conoco retains ownership of the CO₂ until the plant tailgate. At that point, Liquid Carbonic purchases the CO₂ for a base price specified in the agreement. The price paid there varies annually, depending on market prices obtained by Liquid Carbonic for its liquid CO₂ in defined sales regions.

ROYALTY MANAGEMENT PROGRAM
ROYALTY VALUATION AND STANDARDS DIVISION

Findings and Conclusions
on
Valuation of CO₂ Produced by
Conoco at the McCallum Unit, Colorado

Background

- ° By letter dated October 22, 1984, Conoco, Inc. requested that the MMS review attached materials and approve Conoco's "production reporting sequence" for carbon dioxide (CO₂) produced from the McCallum Unit in Jackson County, Colorado. The attached materials were an Application for the Establishment of Royalty Values (Form 9-1926); a diagram of field facilities; and a contract with Liquid Carbonic Corporation, dated June 2, 1983, for the sale of CO₂.
- ° Conoco is operator of the McCallum Unit.
- ° Conoco produces raw CO₂ from the Dakota-Lakota zone, and transports it by two supply lines (high pressure and low pressure) to a liquefaction plant at the McCallum Unit where it is put into marketable condition. Liquid Carbonic, as owner of the plant, liquefies the CO₂ and purchases it after the liquefaction process. Conoco retains full ownership of the CO₂ until the tailgate of the plant.
- ° The contract calls for a price of \$ ~~X-4~~ per ton (approximately \$ ~~X-4~~ per Mcf at ~~X-4~~ psia and 60°F) for the finished product. The price will vary annually depending on market prices obtained by Liquid Carbonic for its liquid CO₂ in defined sales regions.
- ° Any vent gases left over from processing will be returned to Conoco. These gases will be run through a separator to remove any existing condensate. The remaining gas will be compressed and reinjected into the Dakota-Lakota zone.
- ° From September 1976 to December 1983, Conoco injected a total of ~~X-4~~ Mcf of Morrison Formation CO₂ into the Dakota-Lakota Well No. 2. This had been reflected in the submittal of Forms 9-329 for the Morrison Participating Area.

PRELIMINARY RESPONSE TO REQUEST FOR RECORD
MADE BY JACK GRYNBERG BY TELEPHONE
OCTOBER 24, 1997

Janet Hook, Geologist/FOIA Coordinator, BLM, Little Snake Resource Area, Craig CO

I was informed that Jack Grynberg called Jim Wood this morning asking that we fax him a copy of the 1983 Agreement for Sale and Purchase of Carbon Dioxide Between Conoco Inc. And Liquid Carbonic Corp. Jack told Jim that FOIA wouldn't apply because the document is more than 10 years old. Louise had some concerns about its release due to financial information and asked me for an opinion of whether it can be released. Louise's concern was that although the agreement was dated 1983, there was 1996 correspondence referring to it, indicating that it is still a guiding factor if not in full force and effect.

The 1983 Agreement contains the following types of information:

- ◆ Construction requirements of the CO2 processing plant
 - ◆ Financial
 - ◆ initial agreement payments
 - ◆ sales prices per ton between Liquid Carbonic and Conoco
 - ◆ quantities of product expected to be produced over specified periods of time
 - ◆ payment terms
 - Trade Secret?
 - ◆ product specifications (allowable percentages of other gases).
- * I called Nielson & Assoc. at (307)587-2446. Jim Williams was out of the office until Monday. I told the receptionist that I needed to speak to someone who knows about a 1983 agreement because I have a request to release it. I was referred to Theresa Mubic. I said I need to know if that agreement is still in effect in whole or in part or if any harm would result from its release. She said she'd check around and get back to me.
- Theresa called back soon and said she found an attorney's opinion that the agreement was in effect until late 1999 or 2000. (Through the course of one of these conversations, it was mentioned that Liquid Carbonic is now Praxair and that Nielson is the operator of the field.) Theresa was still trying to get hold of Jim Williams or a vice president to ask permission to release.
- * I called Patsy Lynch, CSO FOIA coordinator. She said there is no such thing as a 10-year (or any other time limit) on records applicability under FOIA. She also said that any kind of financial information MUST be requested under the FOIA, whether the submitter cares or not. Patsy also pointed out that as of 10/02/97, we have 20 working days to respond rather than 10.
- * Theresa called back and said she had reached someone in authority and they do not want the agreement released.
- * I called Jack's office and was told he was out of the office. I left a message with the receptionist that we cannot release that 1983 agreement without a FOIA request and the 10 year limit does not apply to FOIA.

Janet

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Little Snake Resource Area
1280 Industrial Avenue
Craig, CO 81625

FACSIMILE TRANSMITTAL

Date: 10/27/97

To: Mitch Parker, MMS

~~cc:~~ Patsy Lynch, BLM FOIA Coordinator

Phone No.: _____ Fax No.: _____

From: Janet Hook (970) 824-4441

No. of pages: 2 plus cover

Remarks: _____

**** IF YOU DO NOT RECEIVE THIS FAX IN ITS ENTIRETY OR IF YOU ARE
EXPERIENCING ANY PROBLEMS, PLEASE PHONE (970) 824-4441. ****

TELEPHONE CONVERSATION RECORD

for
JANET HOOK, GEOLOGIST
BLM, LITTLE SNAKE RESOURCE AREA

PERSON CONVERSATION WITH: Mitch Parker

REPRESENTING MMS, Assoc. Director, Tech Services

TELEPHONE NUMBER 303-231-3615

DATE 10/27/97

DISCUSSION: MMS received a FOIA request from Jack Grynberg specifically asking for 1983 Agreement for sale and purchase of CO2 between Conoco and Liquid Carbonic, among other documents

Ken Vogel (Mitch's boss) told him I had the contract and to give me a call and see if I'll send it to MMS. Since I don't know Ken Vogel, Mitch and I figure Jack probably told him I have the document. Jack also called Mitch and told him that I have the agreement and he should just call me and tell me that it's OK to give it to him.

Mitch would like to know if BLM would release the agreement to MMS and MMS would consider it in the FOIA response? I said I need to consult with our FOIA coordinator because if there's one thing I've learned, it is to go strictly BY THE BOOK where Jack is concerned.

Greg Cann, 303-231-3013, MMS FOIA coordinator
fax 303-231-3781

In the meantime, I said I'd fax a copy of my documentation concerning Jack's request of us for this document on Friday (attached).